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SERVICE DATE - OCTOBER 29, 2003

DO

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34396]

Norfolk Southern Railway Company—Corporate Family Transaction Exemption—Atlantic and East Carolina Railway Company

Norfolk Southern Railway Company (NSR)¹ and Atlantic and East Carolina Railway Company (AEC),² have filed a verified notice of exemption under the Board's corporate family class exemption at 49 CFR 1180.2(d)(3) to merge AEC into NSR, with NSR as the surviving entity. Under the agreement and plan of merger, all of AEC's assets, rights, obligations and responsibilities will be in the name of NSR.

Although the parties state that the transaction was scheduled to be consummated on or as soon as practicable after August 31, 2003, the earliest the transaction could be consummated was October 6, 2003 (7 days after filing under 49 CFR 1180.4(g)).

¹ NSR is a Class I carrier; together with its railroad subsidiaries, it owns or operates approximately 21,500 miles of railroad located in 22 states, the District of Columbia, and the Province of Ontario, Canada. NSR is controlled through stock ownership by Norfolk Southern Corporation, a noncarrier holding company.

² AEC has been controlled by NSR or its predecessors through stock ownership since 1989.

The purpose of the transaction is to eliminate AEC as a separate corporate entity, thereby furthering the goal of corporate simplification. It is anticipated that this action will eliminate costs associated with separate accounting, tax, bookkeeping and reporting functions.

This is a transaction within a corporate family of the type specifically exempted from prior review and approval under 49 CFR 1180.2(d)(3). The parties state that the transaction will not result in adverse changes in service levels, significant operational changes, or a change in the competitive balance with carriers outside the corporate family.

As a condition to the use of this exemption, any employees adversely affected by this transaction will be protected by the conditions set forth in New York Dock Ry.-Control-Brooklyn Eastern Dist., 360 I.C.C. 60 (1979).

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34396 must be filed with the Surface Transportation Board, 1925 K Street, NW, Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Maquiling B. Parkerson, Norfolk Southern Corporation, Three Commercial Place, Norfolk, VA 23510-9241.

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Decided: October 22, 2003.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary